

House Study Bill 67 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act updating the Code references to the Internal Revenue
2 Code and decoupling from certain federal bonus depreciation
3 provisions, and including effective date and retroactive
4 applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

INTERNAL REVENUE CODE REFERENCES

Section 1. Section 15.335, subsection 7, paragraph b, Code 2015, is amended to read as follows:

b. For purposes of this section, "*Internal Revenue Code*" means the Internal Revenue Code in effect on January 1, ~~2014~~ 2015.

Sec. 2. Section 422.3, subsection 5, Code 2015, is amended to read as follows:

5. "*Internal Revenue Code*" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~2014~~ 2015.

Sec. 3. Section 422.9, subsection 2, paragraph i, Code 2015, is amended to read as follows:

i. The deduction for state sales and use taxes is allowable only if the taxpayer elected to deduct the state sales and use taxes in lieu of state income taxes under section 164 of the Internal Revenue Code. A deduction for state sales and use taxes is not allowed if the taxpayer has taken the deduction for state income taxes or claimed the standard deduction under section 63 of the Internal Revenue Code. This paragraph applies to taxable years beginning after December 31, 2003, and before January 1, 2008, and to taxable years beginning after December 31, 2009, and before January 1, ~~2014~~ 2015.

Sec. 4. Section 422.10, subsection 3, paragraph b, Code 2015, is amended to read as follows:

b. For purposes of this section, "*Internal Revenue Code*" means the Internal Revenue Code in effect on January 1, ~~2014~~ 2015.

Sec. 5. Section 422.32, subsection 1, paragraph h, Code 2015, is amended to read as follows:

h. "*Internal Revenue Code*" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal

1 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
2 the Internal Revenue Code of 1986 as amended to and including
3 January 1, ~~2014~~ 2015.

4 Sec. 6. Section 422.33, subsection 5, paragraph e,
5 subparagraph (2), Code 2015, is amended to read as follows:

6 (2) For purposes of this subsection, "*Internal Revenue Code*"
7 means the Internal Revenue Code in effect on January 1, ~~2014~~
8 2015.

9 Sec. 7. EFFECTIVE UPON ENACTMENT. This division of this
10 Act, being deemed of immediate importance, takes effect upon
11 enactment.

12 Sec. 8. RETROACTIVE APPLICABILITY. This division of this
13 Act applies retroactively to January 1, 2014, for tax years
14 beginning on or after that date.

15 DIVISION II

16 BONUS DEPRECIATION

17 Sec. 9. Section 422.7, subsection 39A, unnumbered paragraph
18 1, Code 2015, is amended to read as follows:

19 The additional first-year depreciation allowance authorized
20 in section 168(k) of the Internal Revenue Code, as enacted by
21 Pub. L. No. 110-185, §103, Pub. L. No. 111-5, §1201, Pub. L.
22 No. 111-240, §2022, Pub. L. No. 111-312, §401, and Pub. L. No.
23 112-240, §331, and Pub. L. No. 113-295, §125, does not apply in
24 computing net income for state tax purposes. If the taxpayer
25 has taken the additional first-year depreciation allowance
26 for purposes of computing federal adjusted gross income, then
27 the taxpayer shall make the following adjustments to federal
28 adjusted gross income when computing net income for state tax
29 purposes:

30 Sec. 10. Section 422.35, subsection 19A, unnumbered
31 paragraph 1, Code 2015, is amended to read as follows:

32 The additional first-year depreciation allowance authorized
33 in section 168(k) of the Internal Revenue Code, as enacted by
34 Pub. L. No. 110-185, §103, Pub. L. No. 111-5, §1201, Pub. L.
35 No. 111-240, §2022, Pub. L. No. 111-312, §401, and Pub. L. No.

1 deduction was set to expire under both federal and Iowa law for
2 tax years beginning on or after January 1, 2014. The federal
3 Tax Increase Prevention Act of 2014 extended the federal
4 deduction for the 2014 tax year. This division extends the
5 Iowa deduction for the 2014 tax year.

6 Division I takes effect upon enactment and applies
7 retroactively to January 1, 2014, for tax years beginning on
8 or after that date.

9 DIVISION II — BONUS DEPRECIATION. The division decouples,
10 for Iowa income tax purposes, from the federal additional
11 first-year depreciation allowance in section 168(k) of the
12 Internal Revenue Code which was extended through 2014 by the
13 federal Tax Increase Prevention Act of 2014.

14 Division II takes effect upon enactment and applies
15 retroactively to January 1, 2014, for tax years ending on or
16 after that date.